

107TH CONGRESS
1ST SESSION

H. R. 1836

To provide for reconciliation pursuant to section 104 of the concurrent
resolution on the budget for fiscal year 2002.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2001

Mr. THOMAS introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To provide for reconciliation pursuant to section 104 of
the concurrent resolution on the budget for fiscal year 2002.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Economic Growth and Tax Relief Reconciliation Act of
6 2001”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment or repeal is expressed in terms of an amendment
10 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-
 2 sion of the Internal Revenue Code of 1986.

3 (c) SECTION 15 NOT TO APPLY.—No amendment
 4 made by section 2 shall be treated as a change in a rate
 5 of tax for purposes of section 15 of the Internal Revenue
 6 Code of 1986.

7 **SEC. 2. REDUCTION IN INCOME TAX RATES FOR INDIVID-**
 8 **UALS.**

9 (a) IN GENERAL.—Section 1 is amended by adding
 10 at the end the following new subsection:

11 “(i) RATE REDUCTIONS AFTER 2000.—

12 “(1) NEW LOWEST RATE BRACKET.—

13 “(A) IN GENERAL.—In the case of taxable
 14 years beginning after December 31, 2000—

15 “(i) the rate of tax under subsections
 16 (a), (b), (c), and (d) on taxable income not
 17 over the initial bracket amount shall be 12
 18 percent (as modified by paragraph (2)),
 19 and

20 “(ii) the 15 percent rate of tax shall
 21 apply only to taxable income over the ini-
 22 tial bracket amount.

23 “(B) INITIAL BRACKET AMOUNT.—For
 24 purposes of this subsection, the initial bracket
 25 amount is—

1 “(i) \$12,000 in the case of subsection
2 (a),

3 “(ii) \$10,000 in the case of subsection
4 (b), and

5 “(iii) $\frac{1}{2}$ the amount applicable under
6 clause (i) in the case of subsections (c) and
7 (d).

8 “(C) INFLATION ADJUSTMENT.—In pre-
9 scribing the tables under subsection (f) which
10 apply with respect to taxable years beginning in
11 calendar years after 2001—

12 “(i) the Secretary shall make no ad-
13 justment to the initial bracket amount for
14 any taxable year beginning before January
15 1, 2007,

16 “(ii) the cost-of-living adjustment
17 used in making adjustments to the initial
18 bracket amount for any taxable year begin-
19 ning after December 31, 2006, shall be de-
20 termined under subsection (f)(3) by sub-
21 stituting ‘2005’ for ‘1992’ in subparagraph
22 (B) thereof, and

23 “(iii) such adjustment shall not apply
24 to the amount referred to in subparagraph
25 (B)(iii).

If any amount after adjustment under the preceding sentence is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.

“(2) REDUCTIONS IN RATES AFTER 2001.—In the case of taxable years beginning in a calendar year after 2001, the corresponding percentage specified for such calendar year in the following table shall be substituted for the otherwise applicable tax rate in the tables under subsections (a), (b), (c), (d), and, to the extent applicable, (e).

“In the case of taxable years beginning during calendar year:	The corresponding percentages shall be substituted for the following percentages:				
	12%	28%	31%	36%	39.6%
2002	12%	27%	30%	35%	38%
2003	11%	27%	29%	35%	37%
2004	11%	26%	28%	34%	36%
2005	11%	26%	27%	34%	35%
2006 and thereafter	10%	25%	25%	33%	33%

“(3) ADJUSTMENT OF TABLES.—The Secretary shall adjust the tables prescribed under subsection (f) to carry out this subsection.”.

(b) REPEAL OF REDUCTION OF REFUNDABLE TAX CREDITS.—

(1) Subsection (d) of section 24 is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

1 (2) Section 32 is amended by striking sub-
2 section (h).

3 (c) CONFORMING AMENDMENTS.—

4 (1) Subparagraph (B) of section 1(g)(7) is
5 amended—

6 (A) by striking “15 percent” in clause
7 (ii)(II) and inserting “the first bracket percent-
8 age”, and

9 (B) by adding at the end the following
10 flush sentence:

11 “For purposes of clause (ii), the first bracket
12 percentage is the percentage applicable to the
13 lowest income bracket in the table under sub-
14 section (c).”

15 (2) Section 1(h) is amended—

16 (A) by striking “28 percent” both places it
17 appears in paragraphs (1)(A)(ii)(I) and
18 (1)(B)(i) and inserting “25 percent”, and

19 (B) by striking paragraph (13).

20 (3) Section 15 is amended by adding at the end
21 the following new subsection:

22 “(f) RATE REDUCTIONS ENACTED BY ECONOMIC
23 GROWTH AND TAX RELIEF RECONCILIATION ACT OF
24 2001.—This section shall not apply to any change in rates

1 under subsection (i) of section 1 (relating to rate reduc-
2 tions after 2000).”.

3 (4) Section 531 is amended by striking “equal
4 to” and all that follows and inserting “equal to the
5 product of the highest rate of tax under section 1(c)
6 and the accumulated taxable income.”.

7 (5) Section 541 is amended by striking “equal
8 to” and all that follows and inserting “equal to the
9 product of the highest rate of tax under section 1(c)
10 and the undistributed personal holding company in-
11 come.”.

12 (6) Section 3402(p)(1)(B) is amended by strik-
13 ing “7, 15, 28, or 31 percent” and inserting “7 per-
14 cent, any percentage applicable to any of the 3 low-
15 est income brackets in the table under section
16 1(c),”.

17 (7) Section 3402(p)(2) is amended by striking
18 “equal to 15 percent of such payment” and inserting
19 “equal to the product of the lowest rate of tax under
20 section 1(c) and such payment”.

21 (8) Section 3402(q)(1) is amended by striking
22 “equal to 28 percent of such payment” and inserting
23 “equal to the product of the third to the lowest rate
24 of tax under section 1(c) and such payment”.

1 (9) Section 3402(r)(3) is amended by striking
2 “31 percent” and inserting “the third to the lowest
3 rate of tax under section 1(c)”.

4 (10) Section 3406(a)(1) is amended by striking
5 “equal to 31 percent of such payment” and inserting
6 “equal to the product of the third to the lowest rate
7 of tax under section 1(c) and such payment”.

8 (11) Section 13273 of the Revenue Reconcili-
9 ation Act of 1993 is amended by striking “28 per-
10 cent” and inserting “the third to the lowest rate of
11 tax under section 1(c) of the Internal Revenue Code
12 of 1986”.

13 (d) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as provided in para-
15 graph (2), the amendments made by this section
16 shall apply to taxable years beginning after Decem-
17 ber 31, 2000.

18 (2) AMENDMENTS TO WITHHOLDING PROVI-
19 SIONS.—The amendments made by paragraphs (6),
20 (7), (8), (9), (10), and (11) of subsection (c) shall
21 apply to amounts paid after the 60th day after the
22 date of the enactment of this Act.

1 **SEC. 3. PROTECTION OF SOCIAL SECURITY AND MEDICARE.**

2 The amounts transferred to any trust fund under the
3 Social Security Act shall be determined as if this Act had
4 not been enacted.

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